



QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2009

OF THE CONDITION AND AFFAIRS OF THE

PHYSICIANS HEALTH PLAN OF MID MICHIGAN

NAIC Group Code 3408 (Current Period), 3408 (Prior Period) NAIC Company Code 95849 Employer's ID Number 38-2356288

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life, Accident and Health [ ], Dental Service Corporation [ ], Health Maintenance Organization [X] Property/Casualty [ ], Vision Service Corporation [ ], Is HMO Federally Qualified? Yes ( ) No (X) Hospital, Medical and Dental Service or Indemnity [ ], Other [ ]

Incorporated/Organized December 18, 1980 Commenced Business October 1, 1981

Statutory Home Office 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code)

Main Administrative Office 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number)

Mail Address 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 1400 East Michigan Avenue, Lansing, Michigan 48912 (Street and Number, City or Town, State and Zip Code) 517-364-8400 (Area Code) (Telephone Number)

Internet Website Address www.phpmm.org

Statutory Statement Contact Jackie Eddy (Name) 517-364-8400 (Area Code) (Telephone Number) (Extension) jackie.eddy@phpmm.org (E-Mail Address) 517-364-8407 (Fax Number)

OFFICERS

Scott Wilkerson (President) David Vis (Assistant Secretary) Randolph Rifkin (Secretary) Patrick Gribben, Jr# (Treasurer)

OTHER OFFICERS

Marylee Davis, PhD (Chair Person)

DIRECTORS OR TRUSTEES

Wendell Barron Martha Bibbs Richard Bruner Marylee Davis, PhD Patrick Gribben, Jr Dennis Muchmore Thomas Ostrander# Larry Rawsthorne, MD Randolph Rifkin Dawn Springer, MD Dennis Swan Scott Wilkerson

State of Michigan } SS County of Ingham }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Scott Wilkerson President Randolph Rifkin Secretary David Vis Assistant Secretary

Subscribed and sworn to before me this day of November, 2009 a. Is this an original filing? Yes (X) No ( ) b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

|  | Current Statement Date |                                |  | 4<br><br>Prior Year Net<br>Admitted Assets |
|--|------------------------|--------------------------------|--|--|
|  | 1<br><br>Assets        | 2<br><br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets (Col. 1<br>minus Col. 2) |  |
| 1. Bonds   |                        |                                |  |  |
| 2. Stocks:   |                        |                                |  |  |
| 2.1 Preferred stocks   |                        |                                |  |  |
| 2.2 Common stocks  | 15,823,997             | 6,181                          | 15,817,816   | 13,239,293                                 |
| 3. Mortgage loans on real estate:  |                        |                                |  |  |
| 3.1 First liens  |                        |                                |  |  |
| 3.2 Other than first liens   |                        |                                |  |  |
| 4. Real estate:  |                        |                                |  |  |
| 4.1 Properties occupied by the company (less \$ encumbrances)  | 2,123,333              |                                | 2,123,333  | 2,127,818                                  |
| 4.2 Properties held for the production of income (less \$ encumbrances)  |                        |                                |  |  |
| 4.3 Properties held for sale (less \$ encumbrances)  |                        |                                |  |  |
| 5. Cash (\$ (7,802,817) ), cash equivalents (\$ )<br>and short-term investments (\$ 51,796,743 )   | 43,993,926             |                                | 43,993,926   | 41,647,680                                 |
| 6. Contract loans (including \$ premium notes)   |                        |                                |  |  |
| 7. Other invested assets   | 8,388,393              | 92,420                         | 8,295,973  | 5,349,882                                  |
| 8. Receivables for securities  |                        |                                |  |  |
| 9. Aggregate write-ins for invested assets   |                        |                                |  |  |
| 10. Subtotals, cash and invested assets (Line 1 to Line 9)   | 70,329,649             | 98,601                         | 70,231,048   | 62,364,673                                 |
| 11. Title plants less \$ charged off (for Title insurers only)   |                        |                                |  |  |
| 12. Investment income due and accrued  | 2,278                  |                                | 2,278  | 44,040                                     |
| 13. Premiums and considerations:   |                        |                                |  |  |
| 13.1 Uncollected premiums and agents' balances in the course of collection   | 2,853,153              |                                | 2,853,153  | 1,327,982                                  |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due<br>(including \$ earned but unbilled premiums) |                        |                                |  |  |
| 13.3 Accrued retrospective premiums  |                        |                                |  |  |
| 14. Reinsurance:   |                        |                                |  |  |
| 14.1 Amounts recoverable from reinsurers   | 691,845                |                                | 691,845  | 619,646                                    |
| 14.2 Funds held by or deposited with reinsured companies   |                        |                                |  |  |
| 14.3 Other amounts receivable under reinsurance contracts  |                        |                                |  |  |
| 15. Amounts receivable relating to uninsured plans   |                        |                                |  |  |
| 16.1 Current federal and foreign income tax recoverable and interest thereon   |                        |                                |  |  |
| 16.2 Net deferred tax asset  |                        |                                |  |  |
| 17. Guaranty funds receivable or on deposit  |                        |                                |  |  |
| 18. Electronic data processing equipment and software  | 8,221,689              | 8,137,656                      | 84,033   | 28,591                                     |
| 19. Furniture and equipment, including health care delivery assets (\$ )   | 163,782                | 163,782                        |  |  |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates   |                        |                                |  |  |
| 21. Receivables from parent, subsidiaries and affiliates   | 2,164,505              |                                | 2,164,505  | 4,239,147                                  |
| 22. Health care (\$ 756,650 ) and other amounts receivable   | 1,656,796              | 894,846                        | 761,950  | 522,263                                    |
| 23. Aggregate write-ins for other than invested assets   | 574,668                | 574,668                        |  |  |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 10 to Line 23)                           | 86,658,365             | 9,869,553                      | 76,788,812   | 69,146,342                                 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts  |                        |                                |  |  |
| 26. Totals (Line 24 and Line 25)   | 86,658,365             | 9,869,553                      | 76,788,812   | 69,146,342                                 |
| DETAILS OF WRITE-INS   |                        |                                |  |  |
| 0901.  |                        |                                |  |  |
| 0902.  |                        |                                |  |  |
| 0903.  |                        |                                |  |  |
| 0998. Summary of remaining write-ins for Line 9 from overflow page   |                        |                                |  |  |
| 0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)   |                        |                                |  |  |
| 2301. PREPAIDS   | 574,668                | 574,668                        |  |  |
| 2302.  |                        |                                |  |  |
| 2303.  |                        |                                |  |  |
| 2398. Summary of remaining write-ins for Line 23 from overflow page  |                        |                                |  |  |
| 2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)  | 574,668                | 574,668                        |  |  |

LIABILITIES, CAPITAL AND SURPLUS

|  | Current Period |           |            | Prior Year |
|--|----------------|-----------|------------|------------|
|  | 1              | 2         | 3          | 4          |
|  | Covered        | Uncovered | Total      | Total      |
| 1. Claims unpaid (less \$ ..... reinsurance ceded) .....   | 15,040,101     | 556,525   | 15,596,626 | 19,427,055 |
| 2. Accrued medical incentive pool and bonus amounts. ....  | 7,320,777      |           | 7,320,777  | 10,407,640 |
| 3. Unpaid claims adjustment expenses .....   | 498,523        |           | 498,523    | 601,724    |
| 4. Aggregate health policy reserves .....  |                |           |            |            |
| 5. Aggregate life policy reserves .....  |                |           |            |            |
| 6. Property/casualty unearned premium reserve .....  |                |           |            |            |
| 7. Aggregate health claim reserves .....   |                |           |            |            |
| 8. Premiums received in advance .....  | 1,810,041      |           | 1,810,041  | 1,272,272  |
| 9. General expenses due or accrued .....   | 2,370,700      |           | 2,370,700  | 1,288,626  |
| 10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) ..... |                |           |            |            |
| 10.2 Net deferred tax liability .....  |                |           |            |            |
| 11. Ceded reinsurance premiums payable .....   |                |           |            |            |
| 12. Amounts withheld or retained for the account of others .....   | 179,157        |           | 179,157    | 135,913    |
| 13. Remittances and items not allocated. ....  |                |           |            |            |
| 14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....               |                |           |            |            |
| 15. Amounts due to parent , subsidiaries and affiliates .....  | 812,735        |           | 812,735    | 2,862,485  |
| 16. Payable for securities .....   |                |           |            |            |
| 17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....     |                |           |            |            |
| 18. Reinsurance in unauthorized companies .....  |                |           |            |            |
| 19. Net adjustments in assets and liabilities due to foreign exchange rates .....  |                |           |            |            |
| 20. Liability for amounts held under uninsured plans .....   |                |           |            |            |
| 21. Aggregate write-ins for other liabilities (including \$ ..... current) .....   |                |           |            |            |
| 22. Total liabilities (Line 1 to Line 21) .....  | 28,032,034     | 556,525   | 28,588,559 | 35,995,715 |
| 23. Aggregate write-ins for special surplus funds .....  | XXX            | XXX       |            |            |
| 24. Common capital stock .....   | XXX            | XXX       |            |            |
| 25. Preferred capital stock .....  | XXX            | XXX       |            |            |
| 26. Gross paid in and contributed surplus .....  | XXX            | XXX       |            |            |
| 27. Surplus notes .....  | XXX            | XXX       |            |            |
| 28. Aggregate write-ins for other than special surplus funds .....   | XXX            | XXX       |            |            |
| 29. Unassigned funds (surplus) .....   | XXX            | XXX       | 48,200,253 | 33,150,627 |
| 30. Less treasury stock, at cost:  |                |           |            |            |
| 30.1 ..... shares common (value included in Line 24 \$ ..... ) .....   | XXX            | XXX       |            |            |
| 30.2 ..... shares preferred (value included in Line 25 \$ ..... ) .....  | XXX            | XXX       |            |            |
| 31. Total capital and surplus (Line 23 to Line 29 minus Line 30) .....   | XXX            | XXX       | 48,200,253 | 33,150,627 |
| 32. Total Liabilities, capital and surplus (Line 22 and Line 31) .....   | XXX            | XXX       | 76,788,812 | 69,146,342 |
| DETAILS OF WRITE-INS   |                |           |            |            |
| 2101. ....   |                |           |            |            |
| 2102. ....   |                |           |            |            |
| 2103. ....   |                |           |            |            |
| 2198. Summary of remaining write-ins for Line 21 from overflow page .....  |                |           |            |            |
| 2199. Totals (Line 2101 through Line 2103 plus Line 2198) (Line 21 above) .....  |                |           |            |            |
| 2301. ....   | XXX            | XXX       |            |            |
| 2302. ....   | XXX            | XXX       |            |            |
| 2303. ....   | XXX            | XXX       |            |            |
| 2398. Summary of remaining write-ins for Line 23 from overflow page .....  | XXX            | XXX       |            |            |
| 2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....  | XXX            | XXX       |            |            |
| 2801. ....   | XXX            | XXX       |            |            |
| 2802. ....   | XXX            | XXX       |            |            |
| 2803. ....   | XXX            | XXX       |            |            |
| 2898. Summary of remaining write-ins for Line 28 from overflow page .....  | XXX            | XXX       |            |            |
| 2899. Totals (Line 2801 through Line 2803 plus Line 2898) (Line 28 above) .....  | XXX            | XXX       |            |            |

STATEMENT OF REVENUE AND EXPENSES

|  | Current Year to Date |             | Prior Year to Date | Prior Year Ended<br>December 31 |
|--|----------------------|-------------|--------------------|---------------------------------|
|  | 1<br>Uncovered       | 2<br>Total  | 3<br>Total         | 4<br>Total                      |
| 1. Member Months .....   | X X X                | 378,363     | 390,417            | 513,862                         |
| 2. Net premium income (including \$ ..... non-health premium income) .....   | X X X                | 134,158,492 | 132,119,083        | 175,298,274                     |
| 3. Change in unearned premium reserves and reserve for rate credits .....  | X X X                |             |                    |                                 |
| 4. Fee-for-service (net of \$ ..... medical expenses) .....  | X X X                |             |                    |                                 |
| 5. Risk revenue .....  | X X X                |             |                    |                                 |
| 6. Aggregate write-ins for other health care related revenues .....  | X X X                |             |                    |                                 |
| 7. Aggregate write-ins for other non-health revenues .....   | X X X                |             |                    |                                 |
| 8. Total revenues (Line 2 to Line 7) .....   | X X X                | 134,158,492 | 132,119,083        | 175,298,274                     |
| <b>Hospital and Medical:</b>   |                      |             |                    |                                 |
| 9. Hospital/medical benefits .....   | 2,481,184            | 69,535,191  | 71,506,989         | 89,208,016                      |
| 10. Other professional services .....  | 284,822              | 7,982,131   | 9,238,450          | 10,617,055                      |
| 11. Outside referrals .....  |                      |             |                    |                                 |
| 12. Emergency room and out-of-area .....   | 359,598              | 10,077,748  | 6,408,398          | 17,191,450                      |
| 13. Prescription drugs .....   | 851,797              | 23,871,618  | 22,104,242         | 28,630,935                      |
| 14. Aggregate write-ins for other hospital and medical .....   | 20,388               | 571,379     | 541,750            | 594,762                         |
| 15. Incentive pool, withhold adjustments and bonus amounts .....   |                      | 7,221,190   | 7,966,511          | 10,446,342                      |
| 16. Subtotal (Line 9 to Line 15) .....   | 3,997,789            | 119,259,257 | 117,766,340        | 156,688,560                     |
| <b>Less:</b>   |                      |             |                    |                                 |
| 17. Net reinsurance recoveries .....   |                      | 1,383,662   | 1,539,528          | 2,524,568                       |
| 18. Total hospital and medical (Line 16 minus Line 17) .....   | 3,997,789            | 117,875,595 | 116,226,812        | 154,163,992                     |
| 19. Non-health claims (net) .....  |                      |             |                    |                                 |
| 20. Claims adjustment expenses, including \$ ..... 2,062,675 cost containment expenses .....   |                      | 3,033,346   | 3,199,731          | 4,201,512                       |
| 21. General administrative expenses .....  |                      | 8,678,415   | 9,712,823          | 12,020,543                      |
| 22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in<br>reserves for life only) .....                       |                      |             |                    |                                 |
| 23. Total underwriting deductions (Line 18 through Line 22) .....  | 3,997,789            | 129,587,356 | 129,139,366        | 170,386,047                     |
| 24. Net underwriting gain or (loss) (Line 8 minus Line 23) .....   | X X X                | 4,571,136   | 2,979,717          | 4,912,227                       |
| 25. Net investment income earned .....   |                      | 227,845     | 476,840            | 423,010                         |
| 26. Net realized capital gains (losses) less capital gains tax of \$ .....   |                      | (604,006)   | (589,011)          | (2,109,608)                     |
| 27. Net investment gains (losses) (Line 25 plus Line 26) .....   |                      | (376,161)   | (112,171)          | (1,686,598)                     |
| 28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... )<br>(amount charged off \$ ..... )]. .....                |                      |             |                    |                                 |
| 29. Aggregate write-ins for other income or expenses .....   |                      |             | 6,400              | 6,400                           |
| 30. Net income or (loss) after capital gains tax and before all other federal income taxes .....<br>(Line 24 plus Line 27 plus Line 28 plus Line 29) ..... | X X X                | 4,194,975   | 2,873,946          | 3,232,029                       |
| 31. Federal and foreign income taxes incurred .....  | X X X                |             |                    |                                 |
| 32. Net income (loss) (Line 30 minus Line 31) .....  | X X X                | 4,194,975   | 2,873,946          | 3,232,029                       |
| <b>DETAILS OF WRITE-INS</b>  |                      |             |                    |                                 |
| 0601. ....   | X X X                |             |                    |                                 |
| 0602. ....   | X X X                |             |                    |                                 |
| 0603. ....   | X X X                |             |                    |                                 |
| 0698. Summary of remaining write-ins for Line 6 from overflow page .....   | X X X                |             |                    |                                 |
| 0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above) .....   | X X X                |             |                    |                                 |
| 0701. ....   | X X X                |             |                    |                                 |
| 0702. ....   | X X X                |             |                    |                                 |
| 0703. ....   | X X X                |             |                    |                                 |
| 0798. Summary of remaining write-ins for Line 7 from overflow page .....   | X X X                |             |                    |                                 |
| 0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above) .....   | X X X                |             |                    |                                 |
| 1401. OTHER MEDICAL .....  | 20,388               | 571,379     | 541,750            | 594,762                         |
| 1402. ....   |                      |             |                    |                                 |
| 1403. ....   |                      |             |                    |                                 |
| 1498. Summary of remaining write-ins for Line 14 from overflow page .....  |                      |             |                    |                                 |
| 1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....  | 20,388               | 571,379     | 541,750            | 594,762                         |
| 2901. OTHER INCOME .....   |                      |             | 6,400              | 6,400                           |
| 2902. ....   |                      |             |                    |                                 |
| 2903. ....   |                      |             |                    |                                 |
| 2998. Summary of remaining write-ins for Line 29 from overflow page .....  |                      |             |                    |                                 |
| 2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above) .....  |                      |             | 6,400              | 6,400                           |

STATEMENT OF REVENUE AND EXPENSES (continued)

| CAPITAL AND SURPLUS ACCOUNT  | 1                       | 2                     | 3                               |
|--|-------------------------|-----------------------|---------------------------------|
|  | Current Year<br>To Date | Prior Year<br>To Date | Prior Year Ended<br>December 31 |
| 33. Capital and surplus prior reporting year .....                                     | 33,150,628              | 38,305,685            | 38,305,685                      |
| 34. Net income (loss) from Line 32 .....   | 4,194,975               | 2,873,946             | 3,232,029                       |
| 35. Change in valuation basis of aggregate policy and claims reserves .....            |                         |                       |                                 |
| 36. Change in net unrealized capital gains (losses) less capital gains tax of \$ ..... | 2,735,011               | (2,214,959)           | (3,078,631)                     |
| 37. Change in net unrealized foreign exchange capital gain or (loss) .....             |                         |                       |                                 |
| 38. Change in net deferred income tax .....  |                         |                       |                                 |
| 39. Change in nonadmitted assets .....   | 8,119,639               | (5,791,513)           | (5,308,455)                     |
| 40. Change in unauthorized reinsurance .....   |                         |                       |                                 |
| 41. Change in treasury stock .....   |                         |                       |                                 |
| 42. Change in surplus notes .....  |                         |                       |                                 |
| 43. Cumulative effect of changes in accounting principles .....                        |                         |                       |                                 |
| 44. Capital Changes:   |                         |                       |                                 |
| 44.1 Paid in .....   |                         |                       |                                 |
| 44.2 Transferred from surplus (Stock Dividend) .....                                   |                         |                       |                                 |
| 44.3 Transferred to surplus .....  |                         |                       |                                 |
| 45. Surplus adjustments:   |                         |                       |                                 |
| 45.1 Paid in .....   |                         |                       |                                 |
| 45.2 Transferred to capital (Stock Dividend) .....                                     |                         |                       |                                 |
| 45.3 Tranferred from capital .....   |                         |                       |                                 |
| 46. Dividends to stockholders .....  |                         |                       |                                 |
| 47. Aggregate write-ins for gains or (losses) in surplus .....                         |                         |                       |                                 |
| 48. Net change in capital and surplus (Line 34 to Line 47) .....                       | 15,049,625              | (5,132,526)           | (5,155,057)                     |
| 49. Capital and surplus end of reporting period (Line 33 plus Line 48) .....           | 48,200,253              | 33,173,159            | 33,150,628                      |
| DETAILS OF WRITE-INS   |                         |                       |                                 |
| 4701. ....   |                         |                       |                                 |
| 4702. ....   |                         |                       |                                 |
| 4703. ....   |                         |                       |                                 |
| 4798. Summary of remaining write-ins for Line 47 from overflow page .....              |                         |                       |                                 |
| 4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above) .....        |                         |                       |                                 |

CASH FLOW

|  | 1                       | 2                               |
|--|-------------------------|---------------------------------|
|  | Current Year<br>To Date | Prior Year Ended<br>December 31 |
| Cash from Operations   |                         |                                 |
| 1. Premiums collected net of reinsurance   | 133,468,664             | 175,436,672                     |
| 2. Net investment income   | 269,607                 | 589,893                         |
| 3. Miscellaneous income  | 135,865                 | (99,970)                        |
| 4. Total (Line 1 through Line 3)   | 133,874,136             | 175,926,595                     |
| 5. Benefit and loss related payments   | 123,325,795             | 156,730,692                     |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                             |                         |                                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions   | 10,732,888              | 19,090,539                      |
| 8. Dividends paid to policyholders   |                         |                                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)                       |                         |                                 |
| 10. Total (Line 5 through Line9)   | 134,058,683             | 175,821,231                     |
| 11. Net cash from operations (Line 4 minus Line 10)  | (184,547)               | 105,364                         |
| Cash from Investments  |                         |                                 |
| 12. Proceeds from investments sold, matured or repaid:   |                         |                                 |
| 12.1 Bonds   |                         |                                 |
| 12.2 Stocks  | 8,857,974               | 11,757,742                      |
| 12.3 Mortgage loans  |                         |                                 |
| 12.4 Real estate   |                         |                                 |
| 12.5 Other invested assets   |                         |                                 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments                                    |                         |                                 |
| 12.7 Miscellaneous proceeds  |                         | 734,840                         |
| 12.8 Total investment proceeds (Line 12.1 through Line 12.7)   | 8,857,974               | 12,492,582                      |
| 13. Cost of investments acquired (long-term only):   |                         |                                 |
| 13.1 Bonds   |                         |                                 |
| 13.2 Stocks  | 7,936,527               | 11,823,565                      |
| 13.3 Mortgage loans  |                         |                                 |
| 13.4 Real estate   | 61,980                  |                                 |
| 13.5 Other invested assets   |                         |                                 |
| 13.6 Miscellaneous applications  | 2,135,279               | 626,484                         |
| 13.7 Total investments acquired (Line 13.1 through Line 13.6)  | 10,133,786              | 12,450,049                      |
| 14. Net increase or (decrease) in contract loans and premium notes   |                         |                                 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)  | (1,275,812)             | 42,533                          |
| Cash from Financing and Miscellaneous Sources  |                         |                                 |
| 16. Cash provided (applied):   |                         |                                 |
| 16.1 Surplus notes, capital notes  |                         |                                 |
| 16.2 Capital and paid in surplus, less treasury stock  |                         |                                 |
| 16.3 Borrowed funds  |                         |                                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities  |                         |                                 |
| 16.5 Dividends to stockholders   |                         |                                 |
| 16.6 Other cash provided (applied)   | 3,806,605               | (6,725,090)                     |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 3,806,605               | (6,725,090)                     |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS  |                         |                                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)            | 2,346,246               | (6,577,193)                     |
| 19. Cash, cash equivalents and short-term investments:   |                         |                                 |
| 19.1 Beginning of year   | 41,647,680              | 48,224,873                      |
| 19.2 End of period (Line 18 plus Line 19.1)  | 43,993,926              | 41,647,680                      |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

|         |  |  |
|---------|--|--|
| 20.0001 |  |  |
| 20.0002 |  |  |
| 20.0003 |  |  |
| 20.0004 |  |  |
| 20.0005 |  |  |
| 20.0006 |  |  |
| 20.0007 |  |  |
| 20.0008 |  |  |
| 20.0009 |  |  |
| 20.0010 |  |  |

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

|   | 1           | Comprehensive (Hospital and Medical) |             | 4                      | 5              | 6              | 7   | 8                       | 9                     | 10    |
|---|-------------|--------------------------------------|-------------|------------------------|----------------|----------------|---|-------------------------|-----------------------|-------|
|   | Total       | 2<br>Individual                      | 3<br>Group  | Medicare<br>Supplement | Vision<br>Only | Dental<br>Only | Federal Employees<br>Health<br>Benefit Plan | Title XVIII<br>Medicare | Title XIX<br>Medicaid | Other |
| Total Members at end of:  |             |                                      |             |                        |                |                |   |                         |                       |       |
| 1. Prior Year .....   | 40,811      | 251                                  | 39,919      |                        |                |                | 641   |                         |                       |       |
| 2. First Quarter .....  | 42,587      | 228                                  | 41,718      |                        |                |                | 641   |                         |                       |       |
| 3. Second Quarter .....   | 41,739      | 222                                  | 40,608      |                        |                |                | 909   |                         |                       |       |
| 4. Third Quarter .....  | 40,985      | 228                                  | 39,834      |                        |                |                | 923   |                         |                       |       |
| 5. Current Year .....   |             |                                      |             |                        |                |                |   |                         |                       |       |
| 6. Current Year Member Months .....                             | 378,363     | 2,074                                | 367,989     |                        |                |                | 8,300                                       |                         |                       |       |
| Total Member Ambulatory Encounters for Period:                  |             |                                      |             |                        |                |                |   |                         |                       |       |
| 7. Physician .....  | 215,338     | 1,655                                | 208,013     |                        |                |                | 5,670                                       |                         |                       |       |
| 8. Non-Physician .....  | 107,940     | 765                                  | 104,333     |                        |                |                | 2,842                                       |                         |                       |       |
| 9. Total .....  | 323,278     | 2,420                                | 312,346     |                        |                |                | 8,512                                       |                         |                       |       |
| 10. Hospital Patient Days Incurred .....                        | 6,876       | 98                                   | 6,648       |                        |                |                | 130   |                         |                       |       |
| 11. Number of Inpatient Admissions .....                        | 2,689       | 59                                   | 2,579       |                        |                |                | 51  |                         |                       |       |
| 12. Health Premiums Written (a) .....                           | 135,690,808 | 805,244                              | 131,747,512 |                        |                |                | 3,138,052                                   |                         |                       |       |
| 13. Life Premiums Direct .....                                  |             |                                      |             |                        |                |                |   |                         |                       |       |
| 14. Property/Casualty Premiums Written .....                    |             |                                      |             |                        |                |                |   |                         |                       |       |
| 15. Health Premiums Earned .....                                | 135,690,808 | 805,244                              | 131,747,512 |                        |                |                | 3,138,052                                   |                         |                       |       |
| 16. Property/Casualty Premiums Earned .....                     |             |                                      |             |                        |                |                |   |                         |                       |       |
| 17. Amount Paid for Provision of Health Care Services .....     | 123,167,591 | 730,926                              | 118,978,046 |                        |                |                | 3,458,619                                   |                         |                       |       |
| 18. Amount Incurred for Provision of Health Care Services ..... | 119,259,256 | 707,732                              | 115,411,245 |                        |                |                | 3,140,279                                   |                         |                       |       |

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ .....

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

Aging Analysis of Unpaid Claims

| 1<br>Account   | 2<br>1 - 30 Days | 3<br>31 - 60 Days | 4<br>61 - 90 Days | 5<br>91 - 120 Days | 6<br>Over 120 Days | 7<br>Total |
|--|------------------|-------------------|-------------------|--------------------|--------------------|------------|
| 0299999 - Aggregate accounts not individually listed-uncovered ..... | 34,876           | 2,274             | 1,475             | 286                |                    | 38,911     |
| 0399999 - Aggregate accounts not individually listed-covered .....   | 942,529          | 61,443            | 39,862            | 7,741              |                    | 1,051,575  |
| 0499999 - Subtotals .....  | 977,405          | 63,717            | 41,337            | 8,027              |                    | 1,090,486  |
| 0599999 - Unreported claims and other claim reserves .....           |                  |                   |                   |                    |                    | 14,506,141 |
| 0799999 - Total claims unpaid .....                                  |                  |                   |                   |                    |                    | 15,596,627 |
| 0899999 - Accrued medical incentive pool and bonus amounts .....     |                  |                   |                   |                    |                    | 7,320,776  |



UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business                                    | Claims Paid Year to Date   |   | Liability End of Current Quarter                          |   | 5<br><br>Claims Incurred<br>in Prior Years<br>(Columns 1 plus 3) | 6<br><br>Estimated Claim<br>Reserve and<br>Claim<br>Liability<br>December 31 of<br>Prior Year |
|---|--|---|---|---|--|---|
|   | 1<br><br>On Claims Incurred<br>Prior to January 1<br>of Current Year | 2<br><br>On Claims Incurred<br>During the<br>Year | 3<br><br>On Claims Unpaid<br>December 31 of<br>Prior Year | 4<br><br>On Claims Incurred<br>During the<br>Year |  |   |
| 1. Comprehensive (hospital and medical) .....       | 11,693,700   | 101,726,601                                       | 951,203   | 14,645,424  | 12,644,903   | 19,427,055  |
| 2. Medicare Supplement .....                        |  |   |   |   |  |   |
| 3. Dental only .....                                |  |   |   |   |  |   |
| 4. Vision only .....                                |  |   |   |   |  |   |
| 5. Federal Employees Health Benefits Plan .....     |  |   |   |   |  |   |
| 6. Title XVIII - Medicare .....                     |  |   |   |   |  |   |
| 7. Title XIX - Medicaid .....                       |  |   |   |   |  |   |
| 8. Other health .....                               |  |   |   |   |  |   |
| 9. Health subtotal (Line 1 to Line 8) .....         | 11,693,700   | 101,726,601                                       | 951,203   | 14,645,424  | 12,644,903   | 19,427,055  |
| 10. Healthcare recievables (a) .....                | 83,768   | 1,481,722   |   |   | 83,768   | 3,190,787   |
| 11. Other non-health .....                          |  |   |   |   |  |   |
| 12. Medical incentive pools and bonus amounts ..... | 9,747,289  |   | 642,788   | 6,677,988   | 10,390,077   | 10,407,640  |
| 13. Totals .....                                    | 21,357,221   | 100,244,879                                       | 1,593,991   | 21,323,412  | 22,951,212   | 26,643,908  |

(a) Excludes \$ ..... loans or advances to providers not yet expensed.

## NOTES TO FINANCIAL STATEMENTS

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### NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

No significant change.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

No significant change.

3. BUSINESS COMBINATIONS AND GOODWILL

No significant change.

4. DISCONTINUED OPERATIONS

No significant change.

5. INVESTMENTS

No significant change.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

No significant change.

7. INVESTMENT INCOME

No significant change.

8. DERIVATIVE INSTRUMENTS

No significant change.

9. INCOME TAXES

No significant change.

## NOTES TO FINANCIAL STATEMENTS

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### 10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Sparrow Health System, parent company of Physicians Health Plan of Mid-Michigan [PHPMM], and PHPMM entered into an agreement dated September 14, 2009, to sell the PHPMM membership contracts to Blue Care Network of Michigan for cash, subject to various closing adjustments. PHPMM is also selling its wholly owned subsidiaries Physicians Health Plan of Mid-Michigan FamilyCare and PHPMM Insurance Company and certain assets of its wholly owned subsidiary Physicians Health Plan of Mid-Michigan TPA. The sale is expected to be completed by the end of the 2009 year. The sale is subject to state regulatory approval and other customary conditions.

### 11. DEBT

No significant change.

### 12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

No significant change.

### 13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

No significant change.

### 14. CONTINGENCIES

No significant change.

### 15. LEASES

No significant change.

### 16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

No significant change.

## NOTES TO FINANCIAL STATEMENTS

---

### 17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

No significant change.

### 18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

No significant change.

### 19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

No significant change.

### 20. OTHER ITEMS

No significant change.

### 21. EVENTS SUBSEQUENT

No significant change.

### 22. REINSURANCE

No significant change.

### 23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

No significant change.

### 24. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

No significant change.

### 25. INTERCOMPANY POOLING ARRANGEMENTS

No significant change.

**NOTES TO FINANCIAL STATEMENTS**

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26. STRUCTURED SETTLEMENTS

No significant change.

27. HEALTH CARE RECEIVABLES

No significant change.

28. PARTICIPATING POLICIES

No significant change.

29. PREMIUM DEFICIENCY RESERVES

No significant change.

30. ANTICIPATED SALVAGE AND SUBROGATION

No significant change.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ( ) No (X)
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ( ) No ( )
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ( ) No (X)
- 2.2

If yes, date of change:

.....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ( ) No (X)
- If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ( ) No (X)
- 4.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| 1<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ( ) No (X) N/A ( )
- If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/28/2007
- 6.4

By what department or departments?

MICHIGAN OFFICE OF FINANCIAL AND INSURANCE REGULATION [OFIR]  
.....
- 6.5

Have any financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (X) No ( ) N/A ( )
- 6.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No ( ) N/A ( )
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ( ) No (X)
- 7.2

If yes, give full information

.....  
.....
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ( ) No (X)
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

.....  
.....
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ( ) No (X)
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

| 1<br>Affiliate Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>OTS | 6<br>FDIC | 7<br>SEC |
|---------------------|--------------------------------|----------|----------|----------|-----------|----------|
| .....               | .....                          | .....    | .....    | .....    | .....     | .....    |
| .....               | .....                          | .....    | .....    | .....    | .....     | .....    |
| .....               | .....                          | .....    | .....    | .....    | .....     | .....    |

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted . )

- 9.1

Are the senior officers ( principal executive officer , principal financial officer , principal accounting officer or controller , or persons performing similar functions ) of the reporting entity subject to a code of ethics , which includes the following standards?  
(a) Honest and ethical conduct , including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full , fair , accurate , timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws , rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code .

Yes (X) No ( )
- 9.11

If the response to 9.1 is No , please explain:  
  
.....  
.....
- 9.2

Has the code of ethics for senior managers been amended?

Yes ( ) No (X)
- 9.21

If the response to 9.2 is Yes , provide information related to amendment (s) .  
  
.....  
.....
- 9.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ( ) No (X)
- 9.31

If the response to 9.3 is Yes , provide the nature of any waiver (s) .  
  
.....  
.....

FINANCIAL

- 10.1

Does the reporting entity report any amounts due from parent , subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ( )
- 10.2

If yes , indicate the amounts receivable from parent included in the Page 2 amount:

\$ ..... 2,164,505

INVESTMENT

- 11.1

Were any of the stocks , bonds , or other assets of the reporting entity loaned , placed under option agreement , or otherwise made available for use by another person?  
(Exclude securities under securities lending agreements . )

Yes ( ) No (X)
- 11.2

If yes , give full and complete information relating thereto:  
  
.....  
.....
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ .....
13.

Amount of real estate and mortgages held in short-term investments:

\$ .....
- 14.1

Does the reporting entity have any investments in parent , subsidiaries and affiliates?

Yes (X) No ( )
- 14.2

If yes , please complete the following:

|  | 1<br>Prior Year-End Book/<br>Adjusted Carrying Value | 2<br>Current Quarter Book/<br>Adjusted Carrying Value |
|--|--|---|
| 14.21 Bonds .....  | \$ .....   | \$ .....  |
| 14.22 Preferred Stock .....  | \$ .....   | \$ .....  |
| 14.23 Common Stock .....   | \$ ..... 7,318,798                                   | \$ ..... 9,336,029                                    |
| 14.24 Short-Term Investments .....   | \$ .....   | \$ .....  |
| 14.25 Mortgage Loans on Real Estate .....  | \$ .....   | \$ .....  |
| 14.26 All Other .....  | \$ ..... 5,349,882                                   | \$ ..... 8,295,973                                    |
| 14.27 Total Investment in Parent , Subsidiaries and Affiliates (Subtotal Line 14.21 to Line 14.26) ..... | \$ ..... 12,668,680                                  | \$ ..... 17,632,002                                   |
| 14.28 Total Investment in Parent included in Line 14.21 to Line 14.26 above .....                        | \$ .....   | \$ .....  |
- 15.1

Has the reporting entity entered into any hedging transactions reported on schedule DB?

Yes ( ) No (X)
- 15.2

If yes , has a comprehensive description of the hedging program been made available to the domiciliary state?  
  
If no , attach a description with this statement.

Yes ( ) No ( )

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted . )

16. Excluding items in Schedule E - Part 3 - Special Deposits , real estate , mortgage loans and investments held physically in the reporting entity's offices , vaults or safety deposit boxes , were all stocks , bonds and other securities , owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations , F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes (X) No ( )

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook , complete the following:

| 1<br>Name of Custodian (s) | 2<br>Custodian Address                             |
|----------------------------|--|
| BNY MELLON BANK .....      | ONE MELLON CENTER, PITTSBURGH, PA 15258-0001 ..... |
| .....                      | .....  |
| .....                      | .....  |

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook , provide the name , location and a complete explanation:

| 1<br>Name (s) | 2<br>Location(s) | 3<br>Complete Explanation (s) |
|---------------|------------------|-------------------------------|
| .....         | .....            | .....                         |
| .....         | .....            | .....                         |
| .....         | .....            | .....                         |

16.3 Have there been any changes , including name changes , in the custodian (s) identified in 16.1 during the current quarter? Yes ( ) No (X)

16.4 If yes , give full and complete information relating thereto:

| 1<br>Old Custodian | 2<br>New Custodian | 3<br>Date of Change | 4<br>Reason |
|--------------------|--------------------|---------------------|-------------|
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |
| .....              | .....              | .....               | .....       |

16.5 Identify all investment advisors , brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts , handle securities and have authority to make investments on behalf of the reporting entity:

| 1<br>Central Registration Depository | 2<br>Name (s) | 3<br>Address                                 |
|--------------------------------------|---------------|--|
| N/A .....                            | SEI .....     | 1 FREEDOM VALLEY DRIVE, OAKS, PA 19456 ..... |
| .....                                | .....         | .....  |
| .....                                | .....         | .....  |

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ( )

17.2 If no , list exceptions:

.....  
.....



SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

| 1<br>NAIC<br>Company<br>Code                         | 2<br>Federal<br>ID<br>Number | 3<br>Effective<br>Date | 4<br><br>Name of Reinsurer           | 5<br><br>Location             | 6<br>Type of<br>Reinsurance<br>Ceded | 7<br>Is Insurer<br>Authorized?<br>(Yes or No) |
|--|------------------------------|------------------------|--------------------------------------|-------------------------------|--------------------------------------|---|
| 0199998 - Life and Annuity - Affiliates .....        |                              |                        |                                      |                               |                                      |   |
| 0299998 - Life and Annuity - Non-Affiliates .....    |                              |                        |                                      |                               |                                      |   |
| 0399998 - Accident and Health - Affiliates .....     |                              |                        |                                      |                               |                                      |   |
| Accident and Health - Non-Affiliates                 |                              |                        |                                      |                               |                                      |   |
| 39845 .....  | 48-0921045 .....             | 01/01/2009 .....       | WESTPORT INSURANCE CORPORATION ..... | OVERLAND PARK, KS 66201 ..... | SSL/A/I .....                        | Yes .....                                     |
| 0499998 - Accident and Health - Non-Affiliates ..... |                              |                        |                                      |                               |                                      |   |
| 0599998 - Property/Casualty - Affiliates .....       |                              |                        |                                      |                               |                                      |   |
| 0699998 - Property/Casualty - Non-Affiliates .....   |                              |                        |                                      |                               |                                      |   |

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories

|                      |  | 1             | Direct Business Only Year to Date |                      |                    |  |  |                             |                                 |                        |
|----------------------|--|---------------|-----------------------------------|----------------------|--------------------|--|--|-----------------------------|---------------------------------|------------------------|
|                      |  |               | 2                                 | 3                    | 4                  | 5  | 6  | 7                           | 8                               | 9                      |
| States, Etc.         |  | Active Status | Accident and Health Premiums      | Medicare Title XVIII | Medicaid Title XIX | Federal Employees Health Benefits Program Premiums | Life and Annuity Premiums and Other Considerations | Property/ Casualty Premiums | Total Column 2 Through Column 7 | Deposit-Type Contracts |
| 1.                   | Alabama  | AL N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 2.                   | Alaska   | AK N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 3.                   | Arizona  | AZ N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 4.                   | Arkansas   | AR N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 5.                   | California   | CA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 6.                   | Colorado   | CO N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 7.                   | Connecticut  | CT N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 8.                   | Delaware   | DE N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 9.                   | District of Columbia   | DC N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 10.                  | Florida  | FL N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 11.                  | Georgia  | GA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 12.                  | Hawaii   | HI N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 13.                  | Idaho  | ID N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 14.                  | Illinois   | IL N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 15.                  | Indiana  | IN N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 16.                  | Iowa   | IA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 17.                  | Kansas   | KS N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 18.                  | Kentucky   | KY N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 19.                  | Louisiana  | LA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 20.                  | Maine  | ME N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 21.                  | Maryland   | MD N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 22.                  | Massachusetts  | MA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 23.                  | Michigan   | MI L          | 132,552,756                       |                      |                    | 3,138,052  |  |                             | 135,690,808                     |                        |
| 24.                  | Minnesota  | MN N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 25.                  | Mississippi  | MS N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 26.                  | Missouri   | MO N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 27.                  | Montana  | MT N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 28.                  | Nebraska   | NE N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 29.                  | Nevada   | NV N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 30.                  | New Hampshire  | NH N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 31.                  | New Jersey   | NJ N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 32.                  | New Mexico   | NM N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 33.                  | New York   | NY N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 34.                  | North Carolina   | NC N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 35.                  | North Dakota   | ND N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 36.                  | Ohio   | OH N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 37.                  | Oklahoma   | OK N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 38.                  | Oregon   | OR N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 39.                  | Pennsylvania   | PA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 40.                  | Rhode Island   | RI N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 41.                  | South Carolina   | SC N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 42.                  | South Dakota   | SD N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 43.                  | Tennessee  | TN N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 44.                  | Texas  | TX N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 45.                  | Utah   | UT N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 46.                  | Vermont  | VT N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 47.                  | Virginia   | VA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 48.                  | Washington   | WA N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 49.                  | West Virginia  | WV N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 50.                  | Wisconsin  | WI N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 51.                  | Wyoming  | WY N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 52.                  | American Samoa   | AS N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 53.                  | Guam   | GU N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 54.                  | Puerto Rico  | PR N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 55.                  | U.S. Virgin Islands  | VI N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 56.                  | Northern Mariana Islands   | MP N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 57.                  | Canada   | CN N          |                                   |                      |                    |  |  |                             |                                 |                        |
| 58.                  | Aggregate Other Alien  | OT X X X      |                                   |                      |                    |  |  |                             |                                 |                        |
| 59.                  | Subtotal   | X X X         | 132,552,756                       |                      |                    | 3,138,052  |  |                             | 135,690,808                     |                        |
| 60.                  | Reporting entity contributions for Employee Benefit Plans          | X X X         |                                   |                      |                    |  |  |                             |                                 |                        |
| 61.                  | Total (Direct Business)  | (a) 1         | 132,552,756                       |                      |                    | 3,138,052  |  |                             | 135,690,808                     |                        |
| DETAILS OF WRITE-INS |  |               |                                   |                      |                    |  |  |                             |                                 |                        |
| 5801.                |  |               |                                   |                      |                    |  |  |                             |                                 |                        |
| 5802.                |  |               |                                   |                      |                    |  |  |                             |                                 |                        |
| 5803.                |  |               |                                   |                      |                    |  |  |                             |                                 |                        |
| 5898.                | Summary of remaining write-ins for Line 58 from overflow page      |               |                                   |                      |                    |  |  |                             |                                 |                        |
| 5899.                | Total (Line 5801 through Line 5803 plus Line 5898) (Line 58 above) |               |                                   |                      |                    |  |  |                             |                                 |                        |

(a) Insert the number of "L" responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES  
OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

|    | NAIC<br>Group<br>Code | Group Name                                | NAIC<br>Company<br>Code | State<br>of<br>Domicile | FEI<br>Number | Name of Company                          |
|----|-----------------------|---|-------------------------|-------------------------|---------------|--|
| 1  | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      |               | SPARROW WOMEN'S HOSPITAL<br>ASSOCIATION  |
| 2  | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 381360584     | E.W. SPARROW HOSPITAL ASSOCIATION        |
| 3  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | MID-MICHIGAN MRI, INC                    |
| 4  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | SPARROW PHYSICIANS HEALTH<br>NETWORK     |
| 5  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | GRADUATE MEDICAL EDUCATION, INC          |
| 6  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | PREMIER                                  |
| 7  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | CAYMICH INSURANCE CO, LTD                |
| 8  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | FINCOR HOLDINGS, INC                     |
| 9  | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | NORTH GRAND RIVER COOPERATIVE            |
| 10 | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | LANSING MEDICAL DENTAL BUILDING          |
| 11 | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | MEDICAL CENTER WEST CONDO<br>ASSOCIATION |
| 12 | 3408                  | E.W. SPARROW HOSPITAL ASSOCIATION         |                         | MI                      |               | IONIA COUNTY MEMORIAL HOSPITAL           |
| 13 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 381358172     | CLINTON MEMORIAL HOSPITAL                |
| 14 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 386100687     | SPARROW FOUNDATION                       |
| 15 | 3408                  | SPARROW HEALTH SYSTEM                     | 95849                   | MI                      | 382356288     | PHYSICIAN HEALTH PLAN OF<br>MID-MICHIGAN |
| 16 | 3408                  | PHYSICIANS HEALTH PLAN OF MID-MICHIGAN    |                         | MI                      | 383361367     | PHYSICIAN HEALTH PLAN SHARED SVCS<br>ORG |
| 17 | 3408                  | PHYSICIANS HEALTH PLAN OF MID-MICHIGAN    |                         | MI                      | 382594856     | PHPMM TPA                                |
| 18 | 3408                  | PHYSICIANS HEALTH PLAN OF<br>MID-MICHIGAN | 11537                   | MI                      | 364497604     | PHPMM FAMILYCARE                         |
| 19 | 3408                  | PHYSICIANS HEALTH PLAN OF<br>MID-MICHIGAN | 12916                   | MI                      | 205565219     | PHPMM INSURANCE COMPANY                  |
| 20 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 382543305     | SPARROW HOME CARE                        |
| 21 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 382594856     | PHYSICIANS HEALTH NETWORK                |
| 22 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      | 382595963     | SPARROW DEVELOPMENT, INC                 |
| 23 | 3408                  | SPARROW DEVELOPMENT, INC                  |                         | MI                      |               | PHARMACY PLUS                            |
| 24 | 3408                  | SPARROW DEVELOPMENT, INC                  |                         | MI                      |               | ST LAWRENCE OR MGT CO, LLC               |
| 25 | 3408                  | SPARROW DEVELOPMENT, INC                  |                         | MI                      |               | MICHIGAN ATHLETIC CLUB                   |
| 26 | 3408                  | SPARROW DEVELOPMENT, INC                  |                         | MI                      |               | SPARROW PRACTICE MGT COMPANY             |
| 27 | 3408                  | SPARROW DEVELOPMENT, INC                  |                         | MI                      |               | SPARROW REGIONAL MEDICAL SUPPLY          |
| 28 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      |               | CARSON CITY HOSPITAL                     |
| 29 | 3408                  | SPARROW HEALTH SYSTEM                     |                         | MI                      |               | SPARROW SPECIALTY HOSPITAL               |

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing . However , in the event that your company does not transact the type of business for which the special report must be filed , your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below . If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATIONS and provide an explanation following the interrogatory questions .

|   | RESPONSE |
|---|----------|
| 1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | YES      |

EXPLANATIONS:

.....

BAR CODE:

Document Identifier 365:

SCHEDULE A - VERIFICATION

Real Estate

|  | 1            | 2                               |
|--|--------------|---------------------------------|
|  | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year .....   | 2,127,818    | 2,215,242                       |
| 2. Cost of acquired:   |              |                                 |
| 2.1 Actual cost at time of acquisition .....   |              |                                 |
| 2.2 Additional investment made after acquisition .....   | 61,980       |                                 |
| 3. Current year change in encumbrances .....   |              |                                 |
| 4. Total gain (loss) on disposals .....  |              |                                 |
| 5. Deduct amounts received on disposals .....  |              |                                 |
| 6. Total foreign exchange change in book/adjusted carrying value .....   |              |                                 |
| 7. Deduct current year's other than temporary impairment recognized .....  |              |                                 |
| 8. Deduct current year's depreciation .....  | 66,465       | 87,424                          |
| 9. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 minus<br>Line 5 plus Line 6 minus Line 7 plus Line 8) ..... | 2,123,333    | 2,127,818                       |
| 10. Deduct total nonadmitted amounts .....   |              |                                 |
| 11. Statement value at end of current period (Line 9 minus Line 10) .....  | 2,123,333    | 2,127,818                       |

SCHEDULE B - VERIFICATION

Mortgage Loans

|  | 1            | 2                               |
|--|--------------|---------------------------------|
|  | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book value/recorded investment excluding  |              |                                 |
| 2. Cost of acquired:   |              |                                 |
| 2.1 Actual cost at time of acquisition .....   |              |                                 |
| 2.2 Additional investment made after acquisition .....   |              |                                 |
| 3. Capitalized deferred interest and other .....   |              |                                 |
| 4. Accrual of discount .....   |              |                                 |
| 5. Unrealized valuation increase (decrease) .....  |              |                                 |
| 6. Total gain (loss) on disposals .....  |              |                                 |
| 7. Deduct amounts received on disposals .....  |              |                                 |
| 8. Deduct amortization of premium and mortgage interest .....  |              |                                 |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest .....  |              |                                 |
| 10. Deduct current year's other than temporary impairment recognized .....   |              |                                 |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Line 1 plus Line 2 plus<br>Line 3 plus Line 4 plus Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) ..... |              |                                 |
| 12. Total Valuation Allowance .....  |              |                                 |
| 13. Subtotal (Line 11 plus Line 12) .....  |              |                                 |
| 14. Deduct total nonadmitted amounts .....   |              |                                 |
| 15. Statement value at end of current period (Line 13 minus Line 14) .....   |              |                                 |

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

|   | 1            | 2                               |
|---|--------------|---------------------------------|
|   | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year .....  | 7,518,510    | 7,905,678                       |
| 2. Cost of acquired:  |              |                                 |
| 2.1 Actual cost at time of acquisition .....  |              |                                 |
| 2.2 Additional investment made after acquisition .....  |              |                                 |
| 3. Capitalized deferred interest and other .....  |              |                                 |
| 4. Accrual of discount .....  |              |                                 |
| 5. Unrealized valuation increase (decrease) .....   | 869,883      | (387,168)                       |
| 6. Total gain (loss) on disposals .....   |              |                                 |
| 7. Deduct amounts received on disposals .....   |              |                                 |
| 8. Deduct amortization of premium and depreciation .....  |              |                                 |
| 9. Total foreign exchange change in book/adjusted carrying value .....  |              |                                 |
| 10. Deduct current year's other than temporary impairment recognized .....  |              |                                 |
| 11. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus<br>Line 5 plus Line 6 minus Line 7 minus Line 8 plus Line 9 minus Line 10) ..... | 8,388,393    | 7,518,510                       |
| 12. Deduct total nonadmitted amounts .....  | 92,420       | 2,168,628                       |
| 13. Statement value at end of current period (Line 11 minus Line 12) .....  | 8,295,973    | 5,349,882                       |

SCHEDULE D - VERIFICATION

Bonds and Stocks

|  | 1            | 2                               |
|--|--------------|---------------------------------|
|  | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....   | 13,282,578   | 17,772,897                      |
| 2. Cost of bonds and stocks acquired .....   | 7,936,527    | 11,823,565                      |
| 3. Accrual of discount .....   |              |                                 |
| 4. Unrealized valuation increase (decrease) .....  | 3,911,628    | (2,395,977)                     |
| 5. Total gain (loss) on disposals .....  | (604,006)    | (870,509)                       |
| 6. Deduct consideration for bonds and stocks disposed of .....   | 8,702,730    | 11,757,742                      |
| 7. Deduct amortization of premium .....  |              |                                 |
| 8. Total foreign exchange change in book/adjusted carrying value .....   |              |                                 |
| 9. Deduct current year's other than temporary impairment recognized .....  |              | 1,289,656                       |
| 10. Book/adjusted carrying value at end of current period (Line 1 plus Line 2 plus Line 3 plus Line 4 plus<br>Line 5 minus Line 6 minus Line 7 plus Line 8 minus Line 9) ..... | 15,823,997   | 13,282,578                      |
| 11. Deduct total nonadmitted amounts .....   | 6,181        | 43,285                          |
| 12. Statement value at end of current period (Line 10 minus Line 11) .....   | 15,817,816   | 13,239,293                      |

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

|   | 1  | 2   | 3   | 4   | 5  | 6   | 7  | 8  |
|---|--|---|---|---|--|---|--|--|
|   | Book/Adjusted<br>Carrying Value<br>Beginning of<br>Current Quarter | Acquisitions<br>During<br>Current Quarter | Dispositions<br>During<br>Current Quarter | Non-Trading<br>Activity During<br>Current Quarter | Book/Adjusted<br>Carrying Value<br>End of<br>First Quarter | Book/Adjusted<br>Carrying Value<br>End of<br>Second Quarter | Book/Adjusted<br>Carrying Value<br>End of<br>Third Quarter | Book/Adjusted<br>Carrying Value<br>December 31<br>Prior Year |
| BONDS                                     |  |   |   |   |  |   |  |  |
| 1. Class 1 (a) .....                      | 51,381,471   | 64,503,617                                | 64,088,345                                |   | 52,555,545   | 51,381,471  | 51,796,743   | 45,719,154   |
| 2. Class 2 (a) .....                      |  |   |   |   |  |   |  |  |
| 3. Class 3 (a) .....                      |  |   |   |   |  |   |  |  |
| 4. Class 4 (a) .....                      |  |   |   |   |  |   |  |  |
| 5. Class 5 (a) .....                      |  |   |   |   |  |   |  |  |
| 6. Class 6 (a) .....                      |  |   |   |   |  |   |  |  |
| 7. Total Bonds .....                      | 51,381,471   | 64,503,617                                | 64,088,345                                |   | 52,555,545   | 51,381,471  | 51,796,743   | 45,719,154   |
| PREFERRED STOCK                           |  |   |   |   |  |   |  |  |
| 8. Class 1 .....                          |  |   |   |   |  |   |  |  |
| 9. Class 2 .....                          |  |   |   |   |  |   |  |  |
| 10. Class 3 .....                         |  |   |   |   |  |   |  |  |
| 11. Class 4 .....                         |  |   |   |   |  |   |  |  |
| 12. Class 5 .....                         |  |   |   |   |  |   |  |  |
| 13. Class 6 .....                         |  |   |   |   |  |   |  |  |
| 14. Total Preferred Stock .....           |  |   |   |   |  |   |  |  |
| 15. Total Bonds and Preferred Stock ..... | 51,381,471   | 64,503,617                                | 64,088,345                                |   | 52,555,545   | 51,381,471  | 51,796,743   | 45,719,154   |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....; NAIC 2 \$.....; NAIC 3 \$.....; NAIC 4 \$.....; NAIC 5 \$.....; NAIC 6 \$.....

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

|                      | 1                               | 2         | 3              | 4                                     | 5  |
|----------------------|---------------------------------|-----------|----------------|---------------------------------------|--|
|                      | Book/Adjusted<br>Carrying Value | Par Value | Actual<br>Cost | Interest<br>Collected<br>Year To Date | Paid for Accrued<br>Interest<br>Year To Date |
| 9199999 Totals ..... | .51,796,743                     | X X X     | .51,796,743    | 177,431                               | .....  |

SCHEDULE DA - VERIFICATION

Short-Term Investments

|   | 1            | 2                               |
|---|--------------|---------------------------------|
|   | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book / adjusted carrying value, December 31 of prior year .....  | 45,719,155   | 53,050,491                      |
| 2. Cost of short-term investments acquired .....  | 123,670,445  | 151,684,145                     |
| 3. Accrual of discount .....  |              |                                 |
| 4. Unrealized valuation increase (decrease) .....   |              |                                 |
| 5. Total gain (loss) on disposals .....   |              |                                 |
| 6. Deduct consideration received on disposals .....   | 117,592,857  | 159,015,481                     |
| 7. Deduct amortization of premium .....   |              |                                 |
| 8. Total foreign exchange change in book/adjusted carrying value .....  |              |                                 |
| 9. Deduct current year's other than temporary impairment recognized .....   |              |                                 |
| 10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 +<br>Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) ..... | 51,796,743   | 45,719,155                      |
| 11. Deduct total nonadmitted amounts .....  |              |                                 |
| 12. Statement value at end of current period (Line 10 minus Line 11) .....  | 51,796,743   | 45,719,155                      |

**Page SI04**

Schedule DB, Pt. F, Section 1, Replicated (Synthetic) Assets Open  
**NONE**

**Page SI05**

Sch. DB, Pt. F, Sn. 2, Reconciliation Replicated (Syn.) Assets  
**NONE**



SCHEDULE E - VERIFICATION

(Cash Equivalents)

|   | 1            | 2                               |
|---|--------------|---------------------------------|
|   | Year To Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year .....  |              |                                 |
| 2. Cost of short-term investments acquired .....  |              |                                 |
| 3. Accrual of discount .....  |              |                                 |
| 4. Unrealized valuation incre   |              |                                 |
| 5. Total gain (loss) on dispo   |              |                                 |
| 6. Deduct consideration rec   |              |                                 |
| 7. Deduct amortization of pr  |              |                                 |
| 8. Total foreign exchange cl  |              |                                 |
| 9. Deduct current year's other than temporary impairment recognized .....   |              |                                 |
| 10. Book/adjusted carrying value at end of current period (Line 1 + Line 2 +<br>Line 3 + Line 4 + Line 5 - Line 6 - Line 7 + Line 8 - Line 9) ..... |              |                                 |
| 11. Deduct total nonadmitted amounts .....  |              |                                 |
| 12. Statement value at end of current period (Line 10 minus Line 11) .....  |              |                                 |

NONE

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED and Additions Made During the Current Quarter

| 1  | Location |          | 4                | 5                                  | 6  | 7                         | 8   | 9   |
|--|----------|----------|------------------|------------------------------------|--|---------------------------|---|---|
|  | 2        | 3        |                  |                                    |  |                           |   |   |
| Description of Property                  | City     | State    | Date<br>Acquired | Name of Vendor                     | Actual Cost<br>at Time of<br>Acquisition | Amount of<br>Encumbrances | Book / Adjusted<br>Carrying<br>Value Less<br>Encumbrances | Additional<br>Investment<br>Made After<br>Acquisition |
| Acquired by purchase                     |          |          |                  |                                    |  |                           |   |   |
| OFFICE BLDG. PROPERTY OCCUPIED BY COMPAN | LANSING  | MICHIGAN | 06/07/2000       | MAVROMATIS & TRIAD INVESTMENT FIRM | 2,225,000                                |                           | 2,104,346   | 42,993  |
| 0199999 - Acquired by purchase           |          |          |                  |                                    | 2,225,000                                |                           | 2,104,346   | 42,993  |
| 0399999 - TOTALS                         |          |          |                  |                                    | 2,225,000                                |                           | 2,104,346   | 42,993  |

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales under Contract"

| 1                       | Location |       | 4             | 5 | 6           | 7 | 8 | Change in Book/Adjusted Carrying Value Less Encumbrances |  |   |                             |   | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
|-------------------------|----------|-------|---------------|---|-------------|---|---|--|--|---|-----------------------------|---|----|----|----|----|----|----|----|
|                         |          |       |               |   |             |   |   | 9  | 10   | 11  | 12                          | 13  |    |    |    |    |    |    |    |
|                         | 2        | 3     |               |   |             |   |   | Name of Purchaser  | Expended for Additions, Permanent Improvements and Changes in Encumbrances | Book/Adjusted Carrying Value Less Encumbrances Prior Year | Current Year's Depreciation | Current Year's Other Than Temporary Impairment Recognized |    |    |    |    |    |    |    |
| Description of Property | City     | State | Disposal Date |   | Actual Cost |   |   |  |  |   |                             |   |    |    |    |    |    |    |    |

**Page E02**

Schedule B, Part 2, Mortgage Loans Acquired  
**NONE**

Schedule B, Part 3, Mortgage Loans Disposed  
**NONE**

**Page E03**

Sch. BA, Pt. 2, Other Long-Term Invested Assets Acquired  
**NONE**

Sch. BA, Pt. 3, Other Long-Term Invested Assets Disposed  
**NONE**

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

| 1   | 2  | 3       | 4             | 5                    | 6                         | 7           | 8         | 9                                       | 10                                       |
|---|--|---------|---------------|----------------------|---------------------------|-------------|-----------|---|--|
| CUSIP Identification  | Description  | Foreign | Date Acquired | Name of Vendor       | Number of Shares of Stock | Actual Cost | Par Value | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator (a) |
| Common Stocks - Industrial and Miscellaneous (Unaffiliated) |  |         |               |                      |                           |             |           |   |  |
| 00206R-10-2   | AT & T INC COM   |         | 07/17/2009    | UBS SECURITIES INC,  | 600.000                   | 14,665      |           |   | L  |
| 029912-20-1   | AMERICAN TOWER CORP  |         | 07/10/2009    | SHERWOOD SECS/BROADC | 300.000                   | 9,179       |           |   | L  |
| 149123-10-1   | CATERPILLAR INC  |         | 08/04/2009    | INVESTMENT TECHNOLOG | 425.000                   | 14,569      |           |   | L  |
| 171798-10-1   | CIMAREX ENERGY CO COM  |         | 07/20/2009    | GOLDMAN SACHS GLOBAL | 475.000                   | 15,372      |           |   | L  |
| 228227-10-4   | CROWN CASTLE INTL CORP COM   |         | 07/10/2009    | SHERWOOD SECS/BROADC | 375.000                   | 8,974       |           |   | L  |
| 24702R-10-1   | DELL INC COM   |         | 07/17/2009    | UBS SECURITIES INC,  | 1,500.000                 | 19,031      |           |   | L  |
| 25179M-10-3   | DEVON ENERGY CORP NEW COM  |         | 07/17/2009    | GOLDMAN SACHS EXECUT | 150.000                   | 8,325       |           |   | L  |
| 263534-10-9   | DU PONT E I DE NEMOURS & CO COM  |         | 07/06/2009    | BNY CONVERGEX GROUP, | 400.000                   | 9,907       |           |   | L  |
| 548661-10-7   | LOWES COS INC COM  |         | 07/10/2009    | FIDELITY CAP MKTS CO | 700.000                   | 13,165      |           |   | L  |
| 589331-10-7   | MERCK & CO INC COM   |         | 07/24/2009    | GOLDMAN SACHS EXECUT | 525.000                   | 15,934      |           |   | L  |
| 62944T-10-5   | NVR INC  |         | 07/07/2009    | BARCLAYS CAPITAL LE, | 18.000                    | 8,844       |           |   | L  |
| 65248E-10-4   | NEWS CORPORATION CL A  |         | 07/06/2009    | PIPER JAFFRAY & CO,  | 1,300.000                 | 11,087      |           |   | L  |
| 65473P-10-5   | NISOURCE INC COM   |         | 07/24/2009    | WILLIAMS CAPITAL GRO | 800.000                   | 10,612      |           |   | L  |
| 717081-10-3   | PFIZER INC COM STK USD0.05   |         | 07/24/2009    | GOLDMAN SACHS EXECUT | 1,100.000                 | 17,806      |           |   | L  |
| 745867-10-1   | PULTE HOMES INC COM  |         | 08/11/2009    | MORGAN J P SECS INC, | 850.000                   | 10,075      |           |   | L  |
| 784635-10-4   | SPX CORP   |         | 07/06/2009    | LIQUIDNET INC, BROOK | 200.000                   | 9,498       |           |   | L  |
| 852061-10-0   | SPRINT NEXTEL CORP COM SER 1   |         | 08/10/2009    | SHERWOOD SECS/BROADC | 5,800.000                 | 22,109      |           |   | L  |
| 883203-10-1   | TEXTRON INC COM  |         | 07/17/2009    | CITIGROUP GBL MKTS/S | 950.000                   | 9,670       |           |   | L  |
| 887317-30-3   | TIME WARNER INC  |         | 07/24/2009    | CITIGROUP GBL MKTS/S | 200.000                   | 5,584       |           |   | L  |
| 91913Y-10-0   | VALERO ENERGY CORP COM NEW COM   |         | 08/04/2009    | MORGAN J P SECS INC, | 1,700.000                 | 30,560      |           |   | L  |
| G47791-10-1   | INGERSOLL-RAND PUBLI   | F       | 07/01/2009    | MERGER               | 850.000                   | 19,360      |           |   | L  |
| G98255-10-5   | XL CAPITAL LTD   | F       | 07/06/2009    | SHERWOOD SECS/BROADC | 500.000                   | 5,599       |           |   | L  |
| 9099999   | Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated) |         |               |                      |                           | 289,925     |           |   |  |
| Common Stocks - Mutual Funds                                |  |         |               |                      |                           |             |           |   |  |
| 783980-77-4   | SEI INSTITUTIONAL INVESTMENT TRUST - WOR                               |         | 08/31/2009    | NON-BROKER TRADE, BO | 117,583.940               | 1,092,882   |           |   | L  |
| 783980-81-6   | SEI INSTITUTIONAL INVESTMENT TRUST - SMA                               |         | 08/31/2009    | NON-BROKER TRADE, BO | 122,581.920               | 1,095,882   |           |   | L  |
| 783980-82-4   | SEI INSTITUTIONAL INVESTMENT TRUST - LAR                               |         | 08/31/2009    | NON-BROKER TRADE, BO | 488,836.410               | 4,018,235   |           |   | L  |
| 9299999   | Subtotal - Common Stocks - Mutual Funds                                |         |               |                      |                           | 6,206,999   |           |   |  |
| 9799997   | Subtotal - Common Stocks - Part 3                                      |         |               |                      |                           | 6,496,924   |           |   |  |
| 9799999   | Subtotal - Common Stocks   |         |               |                      |                           | 6,496,924   |           |   |  |
| 9899999   | Subtotal - Preferred and Common Stocks                                 |         |               |                      |                           | 6,496,924   |           |   |  |
| 9999999   | TOTALS   |         |               |                      |                           | 6,496,924   |           |   |  |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

STATEMENT AS OF SEPTEMBER 30, 2009 OF THE PHYSICIANS HEALTH PLAN OF MID MICHIGAN

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold , Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

| 1   | 2                                | 3       | 4                | 5                    | 6                               | 7             | 8         | 9              | 10   | Change In Book / Adjusted Carrying Value           |   |   |  |  | 16   | 17   | 18  | 19                                     | 20  | 21               | 22   |
|---|----------------------------------|---------|------------------|----------------------|---------------------------------|---------------|-----------|----------------|--|--|---|---|--|--|--|--|---|--|---|------------------|--|
|   |                                  |         |                  |                      |                                 |               |           |                |  | 11   | 12  | 13  | 14   | 15   |  |  |   |  |   |                  |  |
| CUSIP<br>Identifi-<br>cation                                | Description                      | Foreign | Disposal<br>Date | Name of Purchaser    | Number<br>of Shares<br>of Stock | Consideration | Par Value | Actual<br>Cost | Prior<br>Year Book/<br>Adjusted<br>Carrying<br>Value | Unrealized<br>Valuation<br>Increase/<br>(Decrease) | Current<br>Year's<br>(Amort-<br>ization) /<br>Accretion | Current<br>Year's Other<br>Than Temporary<br>Impairment<br>Recognized | Total<br>Change in<br>B. /A. C. V.<br>(11+12-13) | Total Foreign<br>Exchange<br>Change in<br>B. /A. C. V. | Book / Adjusted<br>Carrying Value<br>at Disposal<br>Date | Foreign<br>Exchange<br>Gain<br>(Loss) on<br>Disposal | Realized<br>Gain<br>(Loss) on<br>Disposal | Total<br>Gain<br>(Loss) on<br>Disposal | Bond<br>Interest /<br>Stock<br>Dividends<br>Received<br>During Year | Maturity<br>Date | NAIC<br>Designa-<br>tion or<br>Market<br>Indi-<br>cator<br>(a) |
| Common Stocks - Industrial and Miscellaneous (Unaffiliated) |                                  |         |                  |                      |                                 |               |           |                |  |  |   |   |  |  |  |  |   |  |   |                  |  |
| 00206R-10-2   | AT & T INC COM                   |         | 08/31/2009       | MORGAN J P SECS INC, | 3,800.000                       | 98,902        |           | 122,387        | 84,075   | 19,802   |   |   | 19,802   |  | 122,387  |  | (23,485)                                  | (23,485)                               | 3,895   |                  | L  |
| 020002-10-1   | ALLSTATE CORP COM                |         | 08/31/2009       | MORGAN J P SECS INC, | 1,150.000                       | 33,772        |           | 34,246         | 27,846   | 12,720   |   |   | 12,720   |  | 34,246   |  | (474)                                     | (474)                                  | 809   |                  | L  |
| 029912-20-1   | AMERICAN TOWER CORP              |         | 08/31/2009       | MORGAN J P SECS INC, | 300.000                         | 9,488         |           | 9,179          |  |  |   |   |  |  | 9,179  |  | 309                                       | 309                                    |   |                  | L  |
| 031162-10-0   | AMGEN INC COM                    |         | 07/10/2009       | GOLDMAN SACHS EXECUT | 175.000                         | 10,094        |           | 8,782          |  |  |   |   |  |  | 8,782  |  | 1,313                                     | 1,313                                  |   |                  | L  |
| 037411-10-5   | APACHE CORP COM                  |         | 08/31/2009       | MORGAN J P SECS INC, | 425.000                         | 36,093        |           | 46,073         | 31,675   | 17,390   |   |   | 17,390   |  | 46,073   |  | (9,979)                                   | (9,979)                                | 191   |                  | L  |
| 039483-10-2   | ARCHER DANIELS MIDLAND CO COM    |         | 08/31/2009       | MORGAN STANLEY & CO  | 1,500.000                       | 43,992        |           | 41,830         |  |  |   |   |  |  | 41,830   |  | 2,163                                     | 2,163                                  | 560   |                  | L  |
| 110122-10-8   | BRISTOL MYERS SQUIBB CO COM      |         | 07/13/2009       | GOLDMAN SACHS EXECUT | 800.000                         | 15,500        |           | 15,766         | 18,600   | (2,834)  |   |   | (2,834)  |  | 15,766   |  | (266)                                     | (266)                                  | 744   |                  | L  |
| 124857-20-2   | CBS CORP NEW CL B                |         | 08/31/2009       | MORGAN J P SECS INC, | 2,800.000                       | 28,916        |           | 21,058         | 16,380   | 30,974   |   |   | 30,974   |  | 21,058   |  | 7,858                                     | 7,858                                  | 820   |                  | L  |
| 14149Y-10-8   | CARDINAL HEALTH INC COM          |         | 08/31/2009       | MORGAN J P SECS INC, | 1,100.000                       | 38,012        |           | 37,588         | 31,023   | 15,024   |   |   | 15,024   |  | 37,588   |  | 424                                       | 424                                    | 445   |                  | L  |
| 149123-10-1   | CATERPILLAR INC                  |         | 08/31/2009       | MORGAN J P SECS INC, | 700.000                         | 31,700        |           | 24,240         |  |  |   |   |  |  | 24,240   |  | 7,461                                     | 7,461                                  | 252   |                  | L  |
| 166764-10-0   | CHEVRON CORPORATION COM          |         | 08/31/2009       | VARIOUS              | 800.000                         | 53,746        |           | 67,627         | 53,628   | 8,809  |   |   | 8,809  |  | 67,627   |  | (13,882)                                  | (13,882)                               | 1,195   |                  | L  |
| 171798-10-1   | CIMAREX ENERGY CO COM            |         | 08/31/2009       | MORGAN J P SECS INC, | 475.000                         | 18,533        |           | 15,372         |  |  |   |   |  |  | 15,372   |  | 3,161                                     | 3,161                                  | 29  |                  | L  |
| 20825C-10-4   | CONOCOPHILLIPS COM               |         | 08/31/2009       | MORGAN J P SECS INC, | 900.000                         | 40,506        |           | 46,620         | 46,620   | 27,484   |   |   | 27,484   |  | 46,620   |  | (6,114)                                   | (6,114)                                | 1,269   |                  | L  |
| 219350-10-5   | CORNING INC COM                  |         | 08/31/2009       | MORGAN J P SECS INC, | 1,100.000                       | 16,563        |           | 10,809         |  |  |   |   |  |  | 10,809   |  | 5,753                                     | 5,753                                  | 165   |                  | L  |
| 228227-10-4   | CROWN CASTLE INTL CORP COM       |         | 08/31/2009       | MORGAN J P SECS INC, | 375.000                         | 10,064        |           | 8,974          |  |  |   |   |  |  | 8,974  |  | 1,090                                     | 1,090                                  |   |                  | L  |
| 23331A-10-9   | D R HORTON INC                   |         | 08/31/2009       | MORGAN J P SECS INC, | 1,000.000                       | 13,387        |           | 9,362          |  |  |   |   |  |  | 9,362  |  | 4,025                                     | 4,025                                  | 38  |                  | L  |
| 24702R-10-1   | DELL INC COM                     |         | 08/31/2009       | MORGAN J P SECS INC, | 1,500.000                       | 23,711        |           | 19,031         |  |  |   |   |  |  | 19,031   |  | 4,679                                     | 4,679                                  |   |                  | L  |
| 25179M-10-3   | DEVON ENERGY CORP NEW COM        |         | 08/31/2009       | MORGAN J P SECS INC, | 800.000                         | 49,085        |           | 52,525         | 14,785   | 6,567  |   |   | 6,567  |  | 52,525   |  | (3,440)                                   | (3,440)                                | 192   |                  | L  |
| 263534-10-9   | DU PONT E I DE NEMOURS & CO COM  |         | 08/31/2009       | MORGAN J P SECS INC, | 1,900.000                       | 60,623        |           | 49,765         |  |  |   |   |  |  | 49,765   |  | 10,857                                    | 10,857                                 | 984   |                  | L  |
| 26874Q-10-0   | ENSCO INTL INC COM               |         | 08/31/2009       | MORGAN J P SECS INC, | 250.000                         | 9,219         |           | 9,139          |  |  |   |   |  |  | 9,139  |  | 80  | 80                                     | 6   |                  | L  |
| 26875P-10-1   | EOG RES INC COM                  |         | 08/31/2009       | MORGAN J P SECS INC, | 300.000                         | 21,593        |           | 17,396         |  |  |   |   |  |  | 17,396   |  | 4,197                                     | 4,197                                  | 87  |                  | L  |
| 277432-10-0   | EASTMAN CHEM CO COM              |         | 08/31/2009       | MORGAN J P SECS INC, | 225.000                         | 11,731        |           | 7,979          | 7,135  | 845  |   |   | 845  |  | 7,979  |  | 3,751                                     | 3,751                                  | 297   |                  | L  |
| 30231G-10-2   | EXXON MOBIL CORP                 |         | 08/31/2009       | VARIOUS              | 1,025.000                       | 68,511        |           | 89,454         | 81,826   | 7,628  |   |   | 7,628  |  | 89,454   |  | (20,943)                                  | (20,943)                               | 1,124   |                  | L  |
| 364760-10-8   | GAP INC COM                      |         | 07/10/2009       | FIDELITY CAP MKTS CO | 1,000.000                       | 14,995        |           | 10,828         |  |  |   |   |  |  | 10,828   |  | 4,167                                     | 4,167                                  | 170   |                  | L  |
| 37247D-10-6   | GENWORTH FINL INC COM            |         | 08/31/2009       | MORGAN J P SECS INC, | 1,200.000                       | 12,645        |           | 14,854         | 3,396  | 22,845   |   |   | 22,845   |  | 14,854   |  | (2,209)                                   | (2,209)                                |   |                  | L  |
| 38141G-10-4   | GOLDMAN SACHS GROUP INC COM      |         | 08/31/2009       | MORGAN J P SECS INC, | 250.000                         | 41,358        |           | 27,753         | 21,098   | 9,606  |   |   | 9,606  |  | 27,753   |  | 13,605                                    | 13,605                                 | 292   |                  | L  |
| 416515-10-4   | HARTFORD FINL SVCS GROUP INC COM |         | 08/04/2009       | LIQUIDNET INC, BROOK | 825.000                         | 13,534        |           | 36,289         | 13,547   | 40,958   |   |   | 40,958   |  | 36,289   |  | (22,755)                                  | (22,755)                               | 347   |                  | L  |
| 437076-10-2   | HOME DEPOT INC COM               |         | 08/31/2009       | MORGAN J P SECS INC, | 750.000                         | 20,450        |           | 15,719         |  |  |   |   |  |  | 15,719   |  | 4,732                                     | 4,732                                  | 338   |                  | L  |
| 46625H-10-0   | JPMORGAN CHASE & CO COM          |         | 08/31/2009       | MORGAN J P SECS INC, | 1,600.000                       | 69,498        |           | 53,927         | 31,530   | 8,101  |   |   | 8,101  |  | 53,927   |  | 15,571                                    | 15,571                                 | 510   |                  | L  |
| 501044-10-1   | KROGER CO COM                    |         | 07/20/2009       | SHERWOOD SECS/BROADC | 700.000                         | 15,066        |           | 18,493         | 18,487   | 6  |   |   | 6  |  | 18,493   |  | (3,427)                                   | (3,427)                                | 126   |                  | L  |
| 532457-10-8   | LILLY ELI & CO COM               |         | 08/31/2009       | MORGAN J P SECS INC, | 1,000.000                       | 33,261        |           | 33,482         |  |  |   |   |  |  | 33,482   |  | (221)                                     | (221)                                  | 747   |                  | L  |
| 532716-10-7   | LIMITED BRANDS INC               |         | 08/31/2009       | MORGAN J P SECS INC, | 1,400.000                       | 20,856        |           | 15,068         |  |  |   |   |  |  | 15,068   |  | 5,788                                     | 5,788                                  | 630   |                  | L  |
| 534187-10-9   | LINCOLN NATL CORP IND COM        |         | 08/31/2009       | MORGAN J P SECS INC, | 600.000                         | 15,130        |           | 7,853          |  |  |   |   |  |  | 7,853  |  | 7,277                                     | 7,277                                  | 12  |                  | L  |
| 548661-10-7   | LOWES COS INC COM                |         | 08/31/2009       | MORGAN J P SECS INC, | 1,200.000                       | 25,772        |           | 22,323         | 10,760   | (1,602)  |   |   | (1,602)  |  | 22,323   |  | 3,449                                     | 3,449                                  | 193   |                  | L  |
| 55616P-10-4   | MACYS INC COM                    |         | 08/31/2009       | MORGAN J P SECS INC, | 1,300.000                       | 20,146        |           | 12,347         | 13,455   | 6,514  |   |   | 6,514  |  | 12,347   |  | 7,799                                     | 7,799                                  | 223   |                  | L  |
| 574599-10-6   | MASCO CORP COM                   |         | 08/31/2009       | MORGAN J P SECS INC, | 950.000                         | 13,734        |           | 9,777          |  |  |   |   |  |  | 9,777  |  | 3,957                                     | 3,957                                  | 71  |                  | L  |
| 589331-10-7   | MERCK & CO INC COM               |         | 08/31/2009       | MORGAN J P SECS INC, | 2,600.000                       | 84,257        |           | 85,410         | 63,080   | 14,415   |   |   | 14,415   |  | 85,410   |  | (1,152)                                   | (1,152)                                | 2,366   |                  | L  |
| 59156R-10-8   | METLIFE INC COM                  |         | 08/31/2009       | MORGAN J P SECS INC, | 925.000                         | 34,906        |           | 25,553         | 21,788   | (2,967)  |   |   | (2,967)  |  | 25,553   |  | 9,353                                     | 9,353                                  |   |                  | L  |
| 617446-44-8   | MORGAN STANLEY                   |         | 08/31/2009       | MORGAN J P SECS INC, | 650.000                         | 18,809        |           | 25,632         | 10,426   | 15,206   |   |   | 15,206   |  | 25,632   |  | (6,824)                                   | (6,824)                                | 251   |                  | L  |
| 620076-10-9   | MOTOROLA INC COM                 |         | 08/31/2009       | VARIOUS              | 6,800.000                       | 48,668        |           | 27,458         | 30,124   | 5,274  |   |   | 5,274  |  | 27,458   |  | 21,210                                    | 21,210                                 | 176   |                  | L  |
| 62944T-10-5   | NVR INC                          |         | 08/31/2009       | MORGAN J P SECS INC, | 18.000                          | 12,154        |           | 8,844          |  |  |   |   |  |  | 8,844  |  | 3,310                                     | 3,310                                  |   |                  | L  |
| 65248E-10-4   | NEWS CORPORATION CL A            |         | 08/31/2009       | MORGAN J P SECS INC, | 6,200.000                       | 66,323        |           | 45,034         | 9,999  | (1,368)  |   |   | (1,368)  |  | 45,034   |  | 21,289                                    | 21,289                                 | 294   |                  | L  |
| 65473P-10-5   | NISOURCE INC COM                 |         | 08/31/2009       | MORGAN J P SECS INC, | 800.000                         | 10,550        |           | 10,612         |  |  |   |   |  |  | 10,612   |  | (63)                                      | (63)                                   | 184   |                  | L  |
| 666807-10-2   | NORTHROP GRUMMAN CORP COM        |         | 08/31/2009       | MORGAN J P SECS INC, | 375.000                         | 18,295        |           | 16,797         |  |  |   |   |  |  | 16,797   |  | 1,498                                     | 1,498                                  | 323   |                  | L  |
| 674599-10-5   | OCCIDENTAL PETE CORP COM         |         | 08/31/2009       | MORGAN J P SECS INC, | 425.000                         | 31,057        |           | 25,093         |  |  |   |   |  |  | 25,093   |  | 5,964                                     | 5,964                                  | 163   |                  | L  |
| 708160-10-6   | JC PENNEY CO INC COM             |         | 08/31/2009       | MORGAN J P SECS INC, | 500.000                         | 15,008        |           | 8,721          | 9,850  | (1,129)  |   |   | (1,129)  |  | 8,721  |  | 6,287                                     | 6,287                                  | 300   |                  | L  |
| 717081-10-3   | PFIZER INC COM STK USD0.05       |         | 08/31/2009       | MORGAN J P SECS INC, | 5,500.000                       | 91,724        |           | 111,928        | 77,924   | 16,779   |   |   | 16,779   |  | 111,928  |  | (20,204)                                  | (20,204)                               | 2,992   |                  | L  |
| 742718-10-9   | PROCTER & GAMBLE CO/THE          |         | 08/31/2009       | SHERWOOD SECS/BROADC | 750.000                         | 39,969        |           | 36,531         |  |  |   |   |  |  | 36,531   |  | 3,438                                     | 3,438                                  | 517   |                  | L  |
| 745867-10-1   | PULTE HOMES INC COM              |         | 08/31/2009       | MORGAN J P SECS INC, | 850.000                         | 10,844        |           | 10,075         |  |  |   |   |  |  | 10,075   |  | 769                                       | 769                                    |   |                  | L  |

(continues)

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold , Redeemed or Otherwise Disposed of  
by the Company During the Current Quarter

| 1   | 2  | 3       | 4                | 5                    | 6                               | 7             | 8         | 9              | 10   | Change In Book / Adjusted Carrying Value           |   |   |  |  | 16   | 17   | 18  | 19                                     | 20  | 21               | 22   |
|---|--|---------|------------------|----------------------|---------------------------------|---------------|-----------|----------------|--|--|---|---|--|--|--|--|---|--|---|------------------|--|
|   |  |         |                  |                      |                                 |               |           |                |  | 11   | 12  | 13  | 14   | 15   |  |  |   |  |   |                  |  |
| CUSIP<br>Identifi-<br>cation  | Description  | Foreign | Disposal<br>Date | Name of Purchaser    | Number<br>of Shares<br>of Stock | Consideration | Par Value | Actual<br>Cost | Prior<br>Year Book/<br>Adjusted<br>Carrying<br>Value | Unrealized<br>Valuation<br>Increase/<br>(Decrease) | Current<br>Year's<br>(Amort-<br>ization) /<br>Accretion | Current<br>Year's Other<br>Than Temporary<br>Impairment<br>Recognized | Total<br>Change in<br>B. /A. C. V.<br>(11+12-13) | Total Foreign<br>Exchange<br>Change in<br>B. /A. C. V. | Book / Adjusted<br>Carrying Value<br>at Disposal<br>Date | Foreign<br>Exchange<br>Gain<br>(Loss) on<br>Disposal | Realized<br>Gain<br>(Loss) on<br>Disposal | Total<br>Gain<br>(Loss) on<br>Disposal | Bond<br>Interest /<br>Stock<br>Dividends<br>Received<br>During Year | Maturity<br>Date | NAIC<br>Designa-<br>tion or<br>Market<br>Indi-<br>cator<br>(a) |
| Common Stocks - Industrial and Miscellaneous (Unaffiliated) (continued) |  |         |                  |                      |                                 |               |           |                |  |  |   |   |  |  |  |  |   |  |   |                  |  |
| 74971X-10-7   | RRI ENERGY INC   |         | 08/31/2009       | MORGAN J P SECS INC, | 1,800.000                       | 10,651        |           | 19,989         |  |  |   |   |  |  | 19,989   |  | (9,338)                                   | (9,338)                                |   |                  | L  |
| 784635-10-4   | SPX CORP   |         | 08/31/2009       | MORGAN J P SECS INC, | 200.000                         | 11,131        |           | 9,498          |  |  |   |   |  |  | 9,498  |  | 1,633                                     | 1,633                                  |   |                  | L  |
| 786514-20-8   | SAFEWAY INC NEW COM  |         | 07/20/2009       | SHERWOOD SECS/BROADC | 700.000                         | 13,777        |           | 13,422         | 16,639   | (3,317)  |   |   | (3,317)  |  | 13,322   |  | 455                                       | 455                                    | 186   |                  | L  |
| 806605-10-1   | SCHERING PLOUGH CORP COM   |         | 08/31/2009       | MORGAN J P SECS INC, | 1,900.000                       | 53,498        |           | 38,818         | 17,030   | 4,370  |   |   | 4,370  |  | 38,818   |  | 14,680                                    | 14,680                                 | 299   |                  | L  |
| 832248-10-8   | SMITHFIELD FOODS INC COM   |         | 08/31/2009       | MORGAN J P SECS INC, | 850.000                         | 10,410        |           | 10,417         |  |  |   |   |  |  | 10,417   |  | (6)                                       | (6)                                    |   |                  | L  |
| 852061-10-0   | SPRINT NEXTEL CORP COM SER 1   |         | 08/31/2009       | MORGAN J P SECS INC, | 10,550.000                      | 38,193        |           | 35,493         | 8,601  | 20,598   |   |   | 20,598   |  | 35,493   |  | 2,700                                     | 2,700                                  |   |                  | L  |
| 871503-10-8   | SYMANTEC CORP COM  |         | 08/31/2009       | MORGAN J P SECS INC, | 1,600.000                       | 24,155        |           | 24,384         |  |  |   |   |  |  | 24,384   |  | (229)                                     | (229)                                  |   |                  | L  |
| 883203-10-1   | TEXTRON INC COM  |         | 08/31/2009       | MORGAN J P SECS INC, | 950.000                         | 14,570        |           | 9,670          |  |  |   |   |  |  | 9,670  |  | 4,900                                     | 4,900                                  |   |                  | L  |
| 887317-30-3   | TIME WARNER INC  |         | 08/31/2009       | MORGAN J P SECS INC, | 2,200.000                       | 61,351        |           | 51,503         |  |  |   |   |  |  | 51,503   |  | 9,848                                     | 9,848                                  | 788   |                  | L  |
| 88732J-20-7   | TIME WARNER CABLE INC  |         | 08/31/2009       | MORGAN J P SECS INC, | 950.000                         | 35,052        |           | 28,109         |  |  |   |   |  |  | 28,109   |  | 6,942                                     | 6,942                                  |   |                  | L  |
| 89417E-10-9   | TRAVELERS COS INC COM  |         | 08/31/2009       | MORGAN J P SECS INC, | 450.000                         | 22,678        |           | 22,753         | 20,340   | 2,413  |   |   | 2,413  |  | 22,753   |  | (74)                                      | (74)                                   | 270   |                  | L  |
| 902494-10-3   | TYSON FOODS INC CL A   |         | 07/29/2009       | MORGAN STANLEY & CO  | 700.000                         | 7,854         |           | 5,991          |  |  |   |   |  |  | 5,991  |  | 1,863                                     | 1,863                                  | 56  |                  | L  |
| 902973-30-4   | US BANCORP DEL COM NEW   |         | 08/31/2009       | MORGAN J P SECS INC, | 1,500.000                       | 33,895        |           | 27,000         |  |  |   |   |  |  | 27,000   |  | 6,895                                     | 6,895                                  | 75  |                  | L  |
| 91529Y-10-6   | UNUM GROUP   |         | 08/31/2009       | MORGAN J P SECS INC, | 550.000                         | 12,379        |           | 9,186          |  |  |   |   |  |  | 9,186  |  | 3,193                                     | 3,193                                  | 45  |                  | L  |
| 91913Y-10-0   | VALERO ENERGY CORP COM NEW COM   |         | 08/31/2009       | MORGAN J P SECS INC, | 1,700.000                       | 31,819        |           | 30,560         |  |  |   |   |  |  | 30,560   |  | 1,259                                     | 1,259                                  | 255   |                  | L  |
| 92553P-20-1   | VIACOM INC NEW CL B  |         | 08/31/2009       | MORGAN J P SECS INC, | 700.000                         | 17,512        |           | 13,887         |  |  |   |   |  |  | 13,887   |  | 3,625                                     | 3,625                                  |   |                  | L  |
| 958102-10-5   | WESTERN DIGITAL CORP DEL COM   |         | 08/31/2009       | MORGAN J P SECS INC, | 750.000                         | 25,692        |           | 21,128         | 8,588  | 12,540   |   |   | 12,540   |  | 21,128   |  | 4,565                                     | 4,565                                  |   |                  | L  |
| 65334H-10-2   | NEXEN INC  | F       | 08/31/2009       | MORGAN J P SECS INC, | 800.000                         | 15,710        |           | 20,819         |  |  |   |   |  |  | 20,819   |  | (5,110)                                   | (5,110)                                | 29  |                  | L  |
| 556221-04-  | BP PLC SPONSORED ADR   | F       | 08/31/2009       | MORGAN J P SECS INC, | 400.000                         | 20,570        |           | 18,696         | 18,696   | 6,973  |   |   | 6,973  |  | 18,696   |  | 1,874                                     | 1,874                                  | 1,008   |                  | L  |
| 294821-60-8   | ERICSSON L M TEL CO ADR CL B SEK 10 N                                    | F       | 08/12/2009       | MORGAN STANLEY & CO  | 1,050.000                       | 9,922         |           | 8,298          | 2,734  | (169)  |   |   | (169)  |  | 8,298  |  | 1,625                                     | 1,625                                  | 167   |                  | L  |
| 37733W-10-5   | GLAXOSMITHKLINE PLC SPONSORED ADR  |         | 08/31/2009       | MORGAN J P SECS INC, | 300.000                         | 11,723        |           | 9,334          |  |  |   |   |  |  | 9,334  |  | 2,389                                     | 2,389                                  | 123   |                  | L  |
| 654902-20-4   | NOKIA CORP SPON ADR SER A COM  | F       | 08/31/2009       | MORGAN J P SECS INC, | 2,550.000                       | 35,667        |           | 31,385         | 13,260   | (1,671)  |   |   | (1,671)  |  | 31,385   |  | 4,282                                     | 4,282                                  | 1,252   |                  | L  |
| 780259-20-6   | ROYAL DUTCH SHELL PLC SPONSORED ADR R                                    | F       | 07/14/2009       | FX- CREDIT SUISSE FI | 375.000                         | 17,913        |           | 19,853         | 19,853   | 8,272  |   |   | 8,272  |  | 19,853   |  | (1,940)                                   | (1,940)                                | 523   |                  | L  |
| 892331-30-7   | TOYOTA MTR CORP ADR  | F       | 08/31/2009       | MORGAN J P SECS INC, | 200.000                         | 17,033        |           | 13,088         | 13,088   | 6,475  |   |   | 6,475  |  | 13,088   |  | 3,945                                     | 3,945                                  | 134   |                  | L  |
| 92857W-20-9   | VODAFONE GROUP PLC NEW SPONSORED ADR                                     | F       | 08/31/2009       | MORGAN J P SECS INC, | 1,100.000                       | 23,867        |           | 20,370         |  |  |   |   |  |  | 20,370   |  | 3,497                                     | 3,497                                  |   |                  | L  |
| D18190-89-8   | DEUTSCHE BANK AG NAMEN-AKT REG   |         | 08/31/2009       | MORGAN J P SECS INC, | 700.000                         | 47,283        |           | 29,554         | 10,173   | 17,343   |   |   | 17,343   |  | 29,554   |  | 17,729                                    | 17,729                                 | 359   |                  | L  |
| G16962-10-5   | BUNGE LIMITED COM  |         | 08/31/2009       | MORGAN J P SECS INC, | 400.000                         | 26,794        |           | 17,381         |  |  |   |   |  |  | 17,381   |  | 9,414                                     | 9,414                                  | 217   |                  | L  |
| G24182-10-0   | COOPER INDUSTRIES LTD CL A   | F       | 08/31/2009       | MORGAN J P SECS INC, | 500.000                         | 16,113        |           | 13,893         |  |  |   |   |  |  | 13,893   |  | 2,220                                     | 2,220                                  | 125   |                  | L  |
| G4776G-10-1   | INGERSOLL-RAND COMPANY LTD COM   | F       | 07/01/2009       | MERGER               | 850.000                         | 19,360        |           | 19,360         |  |  |   |   |  |  | 19,360   |  |   |  |   |                  | L  |
| G47791-10-1   | INGERSOLL-RAND PUBLI   | F       | 08/31/2009       | MORGAN J P SECS INC, | 850.000                         | 26,237        |           | 19,360         |  |  |   |   |  |  | 19,360   |  |   |  | 60  |                  | L  |
| G98255-10-5   | XL CAPITAL LTD   | F       | 08/31/2009       | MORGAN J P SECS INC, | 1,700.000                       | 29,456        |           | 21,756         | 4,440  | 27,717   |   |   | 27,717   |  | 21,756   |  | 7,700                                     | 7,700                                  | 240   |                  | L  |
| H0023R-10-5   | ACE LTD  |         | 08/31/2009       | MORGAN J P SECS INC, | 375.000                         | 19,559        |           | 15,532         |  |  |   |   |  |  | 15,532   |  | 4,027                                     | 4,027                                  | 116   |                  | L  |
| H8912P-10-6   | TYCO ELECTRONICS LTD   | R       | 08/31/2009       | MORGAN J P SECS INC, | 1,300.000                       | 29,636        |           | 22,693         |  |  |   |   |  |  | 22,693   |  | 6,943                                     | 6,943                                  |   |                  | L  |
| 9099999   | - Subtotal - Common Stocks - Industrial and Miscellaneous (Unaffiliated) |         |                  |                      |                                 | 2,334,210     |           | 2,154,683      | 902,499  | 378,591  |   |   | 378,591  |  | 2,154,683  |  | 179,528                                   | 179,528                                | 30,654  |                  |  |
| Common Stocks - Mutual Funds  |  |         |                  |                      |                                 |               |           |                |  |  |   |   |  |  |  |  |   |  |   |                  |  |
| 464287-46-5   | ISHARES TR MSCI EAFE INDEX FD  |         | 08/31/2009       | MORGAN J P SECS INC, | 21,041.000                      | 1,107,938     |           | 1,324,931      | 943,899  | 381,031  |   |   | 381,031  |  | 1,324,931  |  | (216,993)                                 | (216,993)                              | 19,888  |                  | L  |
| 464287-61-4   | ISHARES RUSSELL 1000 GROWTH INDEX FUN                                    |         | 08/31/2009       | MORGAN J P SECS INC, | 58,387.000                      | 2,606,113     |           | 3,231,557      | 2,163,822  | 1,067,735  |   |   | 1,067,735  |  | 3,231,557  |  | (625,444)                                 | (625,444)                              | 19,691  |                  | L  |
| 464287-65-5   | ISHARES TR RUSSELL 2000 INDEX FD   |         | 08/31/2009       | MORGAN J P SECS INC, | 21,048.000                      | 1,202,389     |           | 1,036,404      |  | 471,290  |   |   | 471,290  |  | 1,036,404  |  | 165,985                                   | 165,985                                | 6,761   |                  | L  |
| 9299999   | - Subtotal - Common Stocks - Mutual Funds                                |         |                  |                      |                                 | 4,916,440     |           | 5,592,892      | 4,144,125  | 1,920,056  |   |   | 1,920,056  |  | 5,592,892  |  | (676,452)                                 | (676,452)                              | 46,340  |                  |  |
| 9799997   | - Subtotal - Common Stocks - Part 4                                      |         |                  |                      |                                 | 7,250,650     |           | 7,747,575      | 5,046,624  | 2,298,647  |   |   | 2,298,647  |  | 7,747,575  |  | (496,924)                                 | (496,924)                              | 76,994  |                  |  |
| 9799999   | - Subtotal - Common Stocks   |         |                  |                      |                                 | 7,250,650     |           | 7,747,575      | 5,046,624  | 2,298,647  |   |   | 2,298,647  |  | 7,747,575  |  | (496,924)                                 | (496,924)                              | 76,994  |                  |  |
| 9899999   | - Subtotal - Preferred and Common Stocks                                 |         |                  |                      |                                 | 7,250,650     |           | 7,747,575      | 5,046,624  | 2,298,647  |   |   | 2,298,647  |  | 7,747,575  |  | (496,924)                                 | (496,924)                              | 76,994  |                  |  |
| 9999999   | - TOTALS   |         |                  |                      |                                 | 7,250,650     |           | 7,747,575      | 5,046,624  | 2,298,647  |   |   | 2,298,647  |  | 7,747,575  |  | (496,924)                                 | (496,924)                              | 76,994  |                  |  |

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Schedule DB, Part A, Section 1  
**NONE**

Schedule DB, Part B, Section 1  
**NONE**

**Page E07**

Schedule DB, Part C, Section 1  
**NONE**

Schedule DB, Part D, Section 1  
**NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1<br>Depository                     |                                       | 2                 | 3                   | 4   | 5   | Book Balance at End of Each<br>Month During Current Quarter |              |             | 9 |
|-------------------------------------|---------------------------------------|-------------------|---------------------|---|---|---|--------------|-------------|---|
|                                     |                                       | Code              | Rate of<br>Interest | Amount of<br>Interest<br>Received During<br>Current Quarter | Amount of<br>Interest Accrued<br>at Current<br>Statement Date | 6   | 7            | 8           | * |
| Name                                | Location and Supplemental Information |                   |                     |   |   | First Month   | Second Month | Third Month |   |
| Open Depositories                   |                                       |                   |                     |   |   |   |              |             |   |
| COMERICA BANK                       |                                       | LANSING, MICHIGAN |                     |   |   | (5,467,617)   | (4,232,944)  | (7,802,817) | . |
| 0199999 - TOTAL - Open Depositories |                                       |                   |                     |   |   | (5,467,617)   | (4,232,944)  | (7,802,817) | . |
|                                     |                                       |                   |                     |   |   |   |              |             |   |
| 0399999 - TOTAL Cash on Deposit     |                                       |                   |                     |   |   | (5,467,617)   | (4,232,944)  | (7,802,817) | . |
|                                     |                                       |                   |                     |   |   |   |              |             |   |
| 0599999 - TOTALS                    |                                       |                   |                     |   |   | (5,467,617)   | (4,232,944)  | (7,802,817) | . |



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Schedule E, Part 2, Cash Equivalents  
**NONE**



SUPPLEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2009 OF THE PHYSICIANS HEALTH PLAN OF MID MICHIGAN

MEDICARE PART D COVERAGE SUPPLEMENT  
(Net of Reinsurance)

NAIC Group Code: 3408      NAIC Company Code: 95849

|   | 1                   | 2         | 3              | 4         | 5             |
|---|---------------------|-----------|----------------|-----------|---------------|
|   | Individual Coverage |           | Group Coverage |           | Total<br>Cash |
|   | Insured             | Uninsured | Insured        | Uninsured |               |
| 1. Premiums Collected .....   | <div>NONE</div>     |           | XXX            |           | XXX           |
| 2. Earned Premiums .....  |                     |           | XXX            |           | XXX           |
| 3. Claims Paid .....  |                     |           | XXX            |           | XXX           |
| 4. Claims Incurred .....  |                     |           | XXX            |           | XXX           |
| 5. Reinsurance Coverage and Low Income (  |                     |           |                |           |               |
| Claims Paid Net of Reimbursements App   |                     |           |                |           |               |
| 6. Aggregate Policy Reserves - Change ...   |                     |           | XXX            |           | XXX           |
| 7. Expenses Paid .....  |                     |           | XXX            |           | XXX           |
| 8. Expenses Incurred .....  |                     |           | XXX            |           | XXX           |
| 9. Underwriting Gain or Loss .....  |                     |           | XXX            |           | XXX           |
| 10. Cash Flow Result .....  | XXX                 | XXX       | XXX            | XXX       |               |
| (a) Uninsured Receivable/Payable with CMS at End of Quarter:      \$ ..... due from CMS or      \$ ..... due to CMS |                     |           |                |           |               |